THE HON'BLE SRI JUSTICE L.NARASIMHA REDDY

W.P.No.1101 of 2006

Date:24.01.2006

Between:

N.Kishore Babu, s/o.N.Sivarama Krishnaiah,

48 yrs., Business, r/o.Plot No.47,

B.N.Reddy colony, Road No.14,

Banjara Hills, Hyderabad. …. Petitioner.

And

The Govt.of A.P.,

Roads and Buildings Dept., rep by its

Executive Engineer (R&B),

N.H.Division-I, R&B Building,

A.C.Guards, Hyderabad and another. …. Respondents.

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ORDER:

The petitioner is a contractor for operating toll gate at Rudraram village, on national highway No.9. The contract is in force till 31.3.2006. As per the terms of the contract, the petitioner has to deposit a sum of Rs.27,75,000/- every month. He did not deposit the rent for the month of December 2005. The respondents addressed a letter dated 18.1.2006 requiring the petitioner to pay monthly rent for the month of December, 2005 as well as a sum of Rs.84,640 as arrears. The petitioner challenges the same.

Learned counsel for the petitioner submits that the petitioner made a deposit of two months rent in cash and offered bank guarantee for another period of two months. He contends that the respondents can adjust the said amount representing four months rents up to 31.3.2006.

The learned Government Pleader for Roads and Buildings on the other hand

submits that the deposits made by the petitioner are by way of security for proper performance of the contract till end of it and it cannot be adjusted at this stage.

It may be true that the deposits made by the petitioner represents four months rent. However, the purpose of requiring such deposits is to ensure that the petitioner performs the contract in accordance with the relevant terms till the end of it. Having regard to the nature of the contract, this Court is of the view that one month rent amounting to Rs.27,75,000/- should be sufficient to make good any loss that may have been sustained by the respondents. The contract involves operation of tollgate and nothing more. The petitioner can be required to remit the rents which are due up to 01.1.2006 and the rents for subsequent periods can be adjusted from the existing deposits. Even then, one month rent would be available for the respondents as security. As regards the difference in stamp duty, an appeal is said to be pending and the same cannot be treated as arrears of rent.

For the foregoing reasons, the writ petition is disposed of granting one week time from today to the petitioner for clearing the arrears of rent up to 01.01.2006. For the period from 01.1.2006 to 31.3.2006 the respondents shall adjust the amounts deposited by the petitioner with them. The liability of the respondents to refund the rent for one month would arise after conclusion of the contract.

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24.01.2006

Note:

Issue C.C.by tomorrow.

B/o.

Mdaa.